



MEMORANDUM

Date: September 23, 2016

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Transportation Funding Voter Protection**

Attached are two items of interest to the Board of Supervisors with regard to transportation funding. Attachment 1 is a letter from the County Supervisor's Association of Arizona to Governor Doug Ducey, signed by every Board of Supervisors Chair of every county in Arizona, requesting the full restoration of Highway User Revenue Funds (HURF). As you are aware, in the recent past, over \$1 billion of funding that should have been used for transportation purposes was diverted to balance the State Budget.

Every county in Arizona has transportation funding issues similar to Pima County. We need to redouble our efforts to end the diversion of HURF revenues by the State for their budget purposes and return all funds for use on Arizona's highways.

Attachment 2 is a report from *Governing* magazine that indicates a number of states are now sponsoring ballot initiatives to eliminate the ability of State Legislatures to divert transportation funding for other purposes. The report references current ballot measures in both Illinois and New Jersey. Perhaps it is time Arizona considers a ballot initiative to end the diversion of HURF for purposes other than Arizona's highways.

CHH/mjk

Attachments

c: John Bernal, Deputy County Administrator for Public Works
Tom Burke, Deputy County Administrator for Administration
Jan Leshar, Deputy County Administrator for Community and Health Services
Nanette Slusser, Assistant County Administrator for Public Works Policy
Priscilla Cornelio, Transportation Director
Michael Racy, Racy Associates, Inc.



September 21, 2016

The Honorable Douglas A. Ducey
Governor of the State of Arizona
1700 W. Washington Street
Phoenix, Arizona 85007

Dear Governor Ducey:

On behalf of the County Supervisors Association of Arizona (CSA) and Arizona's fifteen counties, thank you for your support of county financial priorities included in the FY2016-2017 State Budget. As you and your team prepare the FY2017-2018 Executive budget proposal, we would greatly appreciate your consideration of including the following top county financial priorities in your budget recommendation:

Elimination of the mandated county payments to support the state operated and managed Arizona Department of Juvenile Corrections. Beginning in FY2016, and as a way to manage the state revenue shortfall, state law was changed to require these payments. In FY2017, the mandate will cost county taxpayers approximately \$11 million. Fundamentally, this policy violates good management principles by charging the county taxpayer for cost drivers controlled by the judiciary and the state and diverts scarce resources from other local priorities.

We are very grateful the enacted state budget contained an \$8 million appropriation to partially offset this impact in FY2017. We respectfully request that the FY2018 state budget provide full and permanent relief of this state liability. We also offer our collaboration if your administration wishes to evaluate opportunities for reform and efficiencies in the juvenile justice system that could generate cost savings to the state and county taxpayer, while improving results in the system.

Full Restoration of Highway User Revenue Funds (HURF). Since 2009, \$140.6 million of county HURF has been diverted to fund state obligations. We understand the financial context in which this was done, but it is important to recognize the profound and deleterious consequences this has had on local road building and maintenance.

Thank you for the temporary and partial restoration of these funds to local governments in FY2017, of which counties received \$10 million. As you know, investing in transportation infrastructure is critical for economic development, public safety and quality of life, and we are hopeful that you will support full restoration in the FY2018 state financial plan.

Please know that current state law contains several other problematic cost shifts to counties and policies that create financial burdens on local county taxpayers. If resources permit, we would welcome an opportunity to address additional important county priorities. However, we recognize that you must

The Honorable Douglas A. Ducey
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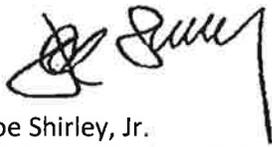
balance many competing priorities in a limited resource environment. Accordingly, we believe it is incumbent on us to share with you our top financial priorities that, if addressed, will provide meaningful relief to all counties and will promote good government and proper stewardship of taxpayer resources.

Thank you very much for your consideration of our request and for your leadership of our Great State.

Sincerely,



Mandy Metzger
President
County Supervisors Association



Joe Shirley, Jr.
Chairman, Apache County



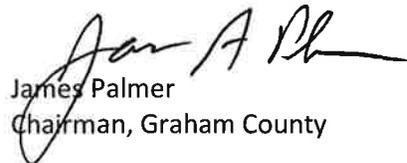
Richard Searle
Chairman, Cochise County



Lena Fowler
Chairman, Coconino County



Michael Pastor
Chairman, Gila County



James Palmer
Chairman, Graham County



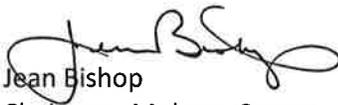
David Gomez
Chairman, Greenlee County



Holly Irwin
Chairman, La Paz County



Clint Hickman
Chairman, Maricopa County



Jean Bishop
Chairman, Mohave County



Jason Whiting
Chairman, Navajo County



Sharon Bronson
Chairman, Pima County



Todd House
Chairman, Pinal County



Rudy Mojera
Chairman, Santa Cruz County



Jack Smith
Chairman, Yavapai County



Russ Clark
Chairman, Yuma County



Craig A. Sullivan
CSA Executive Director

In Cash-Strapped States, Voters Could Protect Transportation Funds

BY: [Daniel C. Vock](#) | September 23, 2016

Should transportation revenues -- things like gas taxes and vehicle registration fees -- be set aside and used only to fund transportation expenses? Most states say yes. And ballot initiatives in November could add two more to the list.

Voters in Illinois and New Jersey will determine on Election Day whether money raised from transportation-related activities should be protected from the general budget.

The ballot measures would change both states' constitutions to make the transportation set-asides permanent. The Illinois amendment would create a so-called lockbox, while New Jersey's measure would expand the types of revenue that are designated for transportation purposes.

Both states have gone more than 25 years without raising their fuel taxes, the primary source of transportation funds. Political gridlock in the two states has stymied other attempts to raise more money for infrastructure improvements.

In Illinois, new transportation revenue is nowhere on the horizon because the Republican governor and Democratic legislature have barely been able to pass a budget to keep the state government open.

In New Jersey, Republican Gov. Chris Christie and Democratic legislators have clashed repeatedly over transportation funds, as they have drained the pool of transportation money nearly dry. Things got so bad that Christie ordered a statewide shutdown of construction projects in July, and prospects of reaching a compromise soon to end the standoff are bleak.

So instead, lawmakers in both states overwhelmingly sent the lockbox measures to voters, even though the measures would tie the hands of legislators in the future.

"Illinois politicians have wasted millions of tax dollars on bureaucracy and mismanagement," said Frank Manzo of the Illinois Economic Policy Institute, pointing to \$6.8 billion of transportation money lawmakers diverted since 2002. That cost the state 4,700 jobs, he [says](#). "Requiring transportation money to be spent on transportation would improve the Illinois economy."

Although the Illinois amendment has not received a lot of publicity, a broad array of groups are supporting it, including labor unions, business groups and transportation advocates. To pass, the amendment must receive the support of either 60 percent of those voting on the question or a majority of those voting in the election.

The strongest criticism of the proposal has come from Chicago's two largest newspapers.

"No one doubts that transportation projects are in a sorry state in Illinois, with roads and highways in need of billions of dollars of repairs even as money collected from a gas tax, tolls and license fees is spent elsewhere. But the solution is a budget, not a shell game," [wrote](#) the editorial board of the *Chicago Sun-Times*. "A lockbox is nothing but an admission of failure, and we urge you to vote the idea down in November."

The *Chicago Tribune* said the measure should have been called "The Illinois Crony Protection Amendment of 2016." Its editorial board [argued](#), "The diabolical effect is that contractors, and the

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unions whose members they employ, would have constitutionally guaranteed dibs on future billions of state and local revenue dollars.”

The debate has been more subdued in New Jersey, where the main attention has been on what mix of taxes should be raised and lowered to replenish the Transportation Trust Fund. But Christie has pushed the amendment, even as he’s negotiated with lawmakers on a tax deal.

“Vote yes on that because otherwise that increase will be able to be spent on anything, and if you leave an unguarded pot of money in Trenton -- bad move, everybody. Bad move,” the governor [said](#) in a radio interview.

Thirty states have constitutional restrictions on how the revenues in transportation funds can be spent, [according to](#) the Council of State Governments. Maryland and Wisconsin became the most recent two to add those restrictions, when voters in those states added lockbox protections in 2014. Maryland voters approved the new rules shortly after lawmakers there passed a major transportation funding package. Wisconsin passed its amendment amid a long search for new transportation revenues, an issue that continues to divide its Republican governor and GOP-led legislature.

This article was printed from: <http://www.governing.com/topics/elections/gov-transportation-funding-2016-state-ballot-measure.html>